

Written Testimony by U.S. Trade Representative Rob Portman

House Appropriations Committee

**Subcommittee on Science, the Departments of State, Justice, and Commerce,
and Related Agencies**

February 16, 2006

For the last five years, the Bush Administration has demonstrated its commitment to opening markets and knocking down trade barriers to create new opportunities for U.S businesses, workers and farmers that contribute to economic growth at home and increase prosperity and freedom around the world.

The Administration's track record includes the launch of a new round of multilateral talks at the World Trade Organization (WTO), enactment of Trade Promotion Authority, congressional approval of seven new free trade agreements and the start of negotiations with commercially meaningful partners in Africa, Asia and Latin America.

The Office of the United States Trade Representative (USTR) will be very busy in 2006 as we work toward the completion of the WTO Doha Round, negotiate a number of new bilateral and regional free trade agreements (FTAs) and continue to vigorously enforce our trade laws. Our aggressive agenda is only possible because of the tremendous support of Chairman Wolf and Ranking Member Alan Mollohan and the members of this Subcommittee.

Our main objective is to open markets for U.S. agricultural and industrial goods and services. With 95 percent of the world's people living outside our borders and hundreds of millions of new potential consumers abroad we must be proactive in opening foreign markets to our goods and services. The United States is not only the world's largest economy it is also the

world's largest exporter. The growth in U.S. exports accounted for about 25 percent of our economic growth in the 1990s and 20 percent in 2005. In 2006, we will work to build on that success.

In terms of imports, the United States is among the most open markets in the world. These imports have lowered costs and increased choices for American consumers. Lower prices allow parents to provide affordable clothes, shoes and toys for their children. All Americans benefit from more choices - from tropical fruits to consumer electronics.

In 2006, we will seek completion of a broad and comprehensive WTO Doha Development Agenda agreement. This Round is a once-in-a-generation opportunity to alleviate poverty and create economic opportunity. The United States will continue to lead the talks and work to convince WTO Members to aim high and conclude the agreement by the end of 2006.

USTR will also remain engaged in negotiating and passing bilateral trade agreements. We will continue to work to complete implementation of the Central America – Dominican Republic Free Trade Agreement (CAFTA-DR) to ensure that our new free trade agreement partners honor their agreements.

We will also seek congressional approval for the Oman free trade agreement this spring. This agreement will be the third FTA – following Morocco and Bahrain - with a Middle East country since President Bush proposed the creation U.S.-Middle East Free Trade Area (MEFTA) by 2013.

We have completed a free trade agreement with Peru and will work closely with members of Congress to discuss a timetable for that agreement's consideration. In February, we launched talks for a free trade agreement with the Republic of Korea, which is the tenth largest

economy in the world. This growing market of 48 million people represents an important opportunity to deepen and strengthen trade ties in Asia. In the meantime, we are continuing our efforts to complete agreements with Colombia, Ecuador, Panama and Thailand.

The United States' trade relationship with China will continue to be an important focus in 2006. USTR completed a comprehensive review of the U.S.-China trade relationship that was released February 14. Our review highlighted that both countries have benefited from commercial engagement over the last 20 years. China's economy has been growing by nearly 10 percent a year and the growth in U.S. exports to China has exceeded 20 percent for each of the last three years.

At the same time, the report cites the growing U.S. trade deficit with China, persistent violations of intellectual property rights and piracy within China, our continuing concerns over market access in China and Chinese government support of domestic industries in ways that may violate WTO commitments. The report makes clear that the trade relationship lacks equitability, durability and balanced opportunities. We believe our two countries have entered a new phase in our relationship that will require China to fully live up to its WTO obligations and become a responsible partner in the global economic system.

USTR will use existing tools to better monitor and enforce China's adherence to its commitments and will improve interagency activities related to U.S. trade and commercial ties with China.

As we push ahead to open markets to U.S. goods and services and knock down barriers to trade, we will also continue to ensure that trade rules are fair and adequately enforced, either through the dispute settlement procedures of the WTO or our bilateral or regional free trade agreements.

